



Northeast Institute for Quality Community Action Community Action Governance Risk Alerts.



Alert: Chronic Board vacancies and consistent attendance problems complicate both the conduct of agency business (e.g., absence of a quorum) and agency compliance with CSBG size and composition requirements.



Action: Screen candidates based on attendance expectations. Enforce meeting attendance standards.

Adopt term limits for Board members (e.g., two 3 yr terms).

Revise Bylaws to reduce the size of the Board and provide greater flexibility in member recruitment. Proactively screen/recruit/involve (e.g., Committee) prospective Board candidates. Offer Board Orientation to new members and offer mentor option. Establish “open-door policy for members to share ideas and conduct annual Board assessments to identify training needs and suggestions for improving performance and productivity.



Alert: Inconsistent, inaccurate or tardy financial and budget reports submitted to the Board. Board members unsure how to read and interpret basic financial information.



Action: Establish and enforce clear expectations of management related to timely, complete and accurate financial reporting to the Board. If problems persist, meet with agency auditor to review options for an independent assessment of the agency’s financial management system. Ensure at least two Board members have financial expertise. Provide “Financial Literacy” training for all Board members.



Alert: Completion of the agency's annual audit report is unreasonably delayed, includes Significant Deficiency findings and neither the audit or the 990 Form have been presented and accepted by the Board of Directors.



Action: Require management to prepare and implement an action plan to correct identified deficiencies. Closely monitor plan implementation. Ensure Board Finance or Audit Committee representatives meet with Auditors independent of management to review/discuss issues related to delays, findings and recommendations and confirm schedule for distribution and presentation of Reports to the Board of Directors with management.



Alert: Audit confirms an agency asset to debt ratio less than 1:1.



Action: Meet with agency management and auditors to identify factors contributing to the negative asset: debt ratio and prepare/implement a action plan over 3-12 months to restore a balanced or positive asset to debt ratio.



Alert: Board members deferring governance responsibilities to agency management or inappropriately involved in agency administration. Board members participating in deliberations and votes where they have a real or perceived conflict of interest.



Action: Schedule Board Governance training for the Board. Review and revise Bylaws to clarify the respective authority and responsibilities of the agency's Board and management. Ensure agency has adopted and is implementing Code of Ethics, Whistleblower and Conflict-of-Interest policies with appropriate disclosures (e.g., conflicts, related parties, etc.). Scrub away any language in the agency's Bylaws or Policy Manuals (e.g., Personnel, Fiscal) which mandate Board or Committee involvement in the hiring of any staff member other than the agency's ED/CEO. Assure Board conducts annual CEO/ED evaluation.



Alert: Agency regularly using its line of credit or other types of loans to finance regular operating expenses including salary, benefits, taxes, rent and utility cost.



Action: Review cash flow assumptions and experience to identify causes of problems and, with consultation as needed, prepare and implement an action plan to eliminate agency borrowing except for defined and authorized emergencies. Adopt policy clarifying who, why, when and how the agency's Line of Credit can be accessed/used/repaid,



Alert: Agency is consistently running unauthorized operating deficits in one or more of its programs.



Action: Charge agency management with responsibility for developing a plan to balance program revenue and expenses for Finance Committee review and Board approval. Closely monitor plan implementation.



Alert: Board lacks benchmarks to assess agency progress and performance.



Action: Board should ensure agency has a multi-year Strategic Plan which identifies goals and benchmark metrics with to assess progress on at least an annual basis. Provide ROMA training for the Board and review roles and responsibilities of both management and Board Committees to report timely and accurate information to allow the Board to assess operating performance. Consider use of Dashboard indicators to help the Board monitor key performance metrics.



Alert: Board meetings are consumed with reports and consideration of operational details which prevent the Board from focusing on larger policy matters, performance assessments, and strategic planning and organizational growth/sustainability issues/opportunities.



Action: Consider adoption of a “Consent Agenda” approach to organizing Board meetings. Utilize committees to develop recommendations for Board policy consideration and adoption. Provide written summary updates to the Board on matters not requiring action. Assure that Board Meeting Notices, Agendas and information are forwarded to Board members at least 5-7 days before the scheduled meeting.



Alert: New Board members do not contribute to Board deliberations for an extended period of time.



Action: Provide all new Board members an Orientation to the agency and the Board. New Board members should be given a Board Manual and offered a Board Mentor to help promote their understanding, involvement and participation on the Board.



Alert: Decision-making by the full Board simply seems to be a “rubber-stamp” for decisions made by either management or a Board Committee.



Action: Assure that Board Bylaws or operating procedures clarify the limits of authority and responsibilities of Board Committees including reporting and ratification of decisions. Review Agenda, Meeting Minutes and background materials carefully before each Board meeting and make certain procedures are followed to allow for discussion of motions proposed by management. Communicate concerns about Board procedures to the Board Chair. Become familiar with basics of Roberts Rules of Order. Provide Board training on Board roles and responsibilities.



Alert: Agency Board and/or staff members appear to be taking actions which benefit them, their family or associates vs. the best interests of the organization.



Action: Adopt a strong Statement of Organizational Ethics and Conflict-of-Interest Policy including the requirement of disclosures of related party, etc. relationships. Distribute policies to all agency staff, Board and Committee volunteers and provide training on policy compliance. Establish Whistleblower Protection Policy to clarify procedures for disclosures of improper conduct by agency Directors or staff.



Alert: Board members independently meeting with staff or visiting the agency to conduct clandestine investigations of operations or allegations of improper conduct.



Action: Assure all Board members are aware of the agency's Whistleblower policy and that individual Board members understand that concerns must be directed to one of the following persons: 1. Whistleblower Compliance Officer, 2. CEO/Executive and/or, 3. Board Chairman or President. Board members should be clearly informed that they are not authorized to conduct independent investigations agency staff or operations.

For information or assistance in addressing these "Alerts" please contact Bill Hunter, NIQCA Executive Director by email (whunter@masscap.org), phone (508-380-1398), fax (978-443-0579) or visit www.niqca.org.